

QUARTERLY REPORT

LICENSEE: BOARDWALK REGENCY CORPORATION (Caesars Atlantic City)

FOR THE QUARTER ENDED JUNE 30, 2002

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

BALANCE SHEETS

AS OF JUNE 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 32,571	\$ 34,200
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts-(2002, \$12,092; 2001, \$15,299)..... Note 2.....	27,157	45,850
4	Inventories..... Note 1.....	3,360	3,834
5	Prepaid Expenses and Other Current Assets.....	2,887	2,308
6	Total Current Assets.....	65,975	86,192
7	Investments, Advances, and Receivables..... Note 3.....	15,485	15,021
8	Property and Equipment - Gross..... Notes 1, 4 & 9.....	864,926	835,344
9	Less: Accumulated Depreciation and Amortization.....	(329,502)	(292,017)
10	Property and Equipment - Net.....	535,424	543,327
11	Other Assets.....	92	262
12	Total Assets.....	\$ 616,976	\$ 644,802
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,691	\$ 9,360
14	Notes Payable..... Note 5.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... Note 8.....	-	-
16	Other..... Note 9.....	401	373
17	Income Taxes Payable and Accrued..... Note 1.....	-	-
18	Other Accrued Expenses..... Note 6.....	33,395	25,696
19	Other Current Liabilities..... Note 7.....	41,762	40,008
20	Total Current Liabilities.....	82,249	75,437
	Long-Term Debt:		
21	Due to Affiliates..... Note 8.....	518,330	518,330
22	Other..... Note 9.....	1,025	1,384
23	Deferred Credits.....	-	-
24	Other Liabilities.....	5,300	5,166
25	Commitments and Contingencies		
26	Total Liabilities.....	606,904	600,317
27	Stockholders', Partners', or Proprietor's Equity.....	10,072	44,485
28	Total Liabilities and Equity.....	\$ 616,976	\$ 644,802

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 256,841	\$ 223,925
2	Rooms.....	17,631	19,737
3	Food and Beverage.....	35,938	31,315
4	Other.....	13,309	12,808
5	Total Revenue.....	323,719	287,785
6	Less: Promotional Allowances.....Note 1.....	69,020	59,334 *
7	Net Revenue.....	254,699	228,451
	Costs and Expenses:		
8	Cost of Goods and Services.....	136,653	127,532
9	Selling, General, and Administrative.....	32,807	28,155 *
10	Provision for Doubtful Accounts.....	2,483	1,770
11	Total Costs and Expenses.....	171,943	157,457
12	Gross Operating Profit.....	82,756	70,994
13	Depreciation and Amortization.....Note 1.....	19,274	17,636
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	8,444	7,555
15	Other.....Note 10.....	3,143	3,067
16	Income (Loss) from Operations.....	51,895	42,736
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(21,848)	(21,848)
18	Interest (Expense) - External.....Note 9.....	(200)	(255)
19	Investment Alternative Tax and Related Income (Expense) -.....Note 1.....	(1,102)	(1,338)
20	Nonoperating Income (Expense) - Net.....Note 11.....	190	218
21	Total Other Income (Expenses).....	(22,960)	(23,223)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	28,935	19,513
23	Provision (Credit) for Income Taxes.....Note 1.....	11,816	7,971
24	Income (Loss) Before Extraordinary Items.....	17,119	11,542
	Extraordinary Items (Net of Income Taxes -		
25	20 __, \$; 20 __, \$).....		
26	Net Income (Loss).....	\$ 17,119	\$ 11,542

*Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenue:		
1	Casino.....Note 1.....	\$ 131,425	\$ 113,233
2	Rooms.....	9,068	9,929
3	Food and Beverage.....	18,712	16,851
4	Other.....	6,853	7,415
5	Total Revenue.....	166,058	147,428
6	Less: Promotional Allowances.....Note 1.....	35,760	31,108 *
7	Net Revenue.....	130,298	116,320
	Costs and Expenses:		
8	Cost of Goods and Services.....	69,724	65,188
9	Selling, General, and Administrative.....	16,696	12,589 *
10	Provision for Doubtful Accounts.....	1,260	919
11	Total Costs and Expenses.....	87,680	78,696
12	Gross Operating Profit.....	42,618	37,624
13	Depreciation and Amortization.....Note 1.....	9,746	8,811
	Charges from Affiliates Other than Interest:		
14	Management Fees.....Note 10.....	4,323	3,852
15	Other.....Note 10.....	1,579	1,549
16	Income (Loss) from Operations.....	26,970	23,412
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....Note 5 & 8.....	(10,984)	(10,984)
18	Interest (Expense) - External.....Note 9.....	(96)	(121)
19	Investment Alternative Tax and Related Income (Expense) -Note 1.....	(486)	(959)
20	Nonoperating Income (Expense) - Net.....Note 11.....	113	101
21	Total Other Income (Expenses).....	(11,453)	(11,963)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	15,517	11,449
23	Provision (Credit) for Income Taxes.....Note 1.....	6,334	4,677
24	Income (Loss) Before Extraordinary Items.....	9,183	6,772
25	Extraordinary Items (Net of Income Taxes - 20 __, \$; 20 __, \$).....		
26	Net Income (Loss).....	\$ 9,183	\$ 6,772

* Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE SIX MONTHS ENDED JUNE 30, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000.....	100	\$ 1,370		\$	\$ 46,065	\$	\$ (14,492)	\$ 32,943
2	Net Income (Loss) - 2001.....							30,010	30,010
3	Contribution to Paid-in-Capital.....								-
4	Dividends.....								-
5	Prior Period Adjustments.....								-
6									-
7									-
8									-
9									-
10	Balance, December 31, 2001.....	100	1,370	-	-	46,065	-	15,518	62,953
11	Net Income (Loss) - June 30, 2002.....							17,119	17,119
12	Contribution to Paid-in -Capital.....								-
13	Dividends.....							(70,000)	(70,000)
14	Prior Period Adjustments.....								-
15									-
16									-
17									-
18									-
19	Balance, June 30, 2002.....	100	\$ 1,370	-	\$	\$ 46,065	\$	\$ (37,363)	\$ 10,072

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001
AND THE SIX MONTHS ENDED JUNE 30, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000.....	\$	\$	\$	\$
2	Net Income (Loss) - 2001.....				
3	Capital Contributions.....				
4	Capital Withdrawals.....				
5	Partnership Distributions.....				
6	Prior Period Adjustments.....				
7				
8				
9				
10	Balance, December 31, 2001.....				
11	Net Income (Loss) - 2002.....				
12	Capital Contributions.....				
13	Capital Withdrawals.....				
14	Partnership Distributions.....				
15	Prior Period Adjustments.....				
16				
17				
18				
19	Balance, June 30, 2002.....	\$	\$	\$	\$

THIS FORM IS NOT APPLICABLE

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 47,341	\$ 35,804
2	CASH FLOWS FROM INVESTING ACTIVITIES:		
3	Purchase of Short-Term Investment Securities.....		
4	Proceeds from the Sale of Short-Term Investment Securities.....		
5	Cash Outflows for Property and Equipment.....	(16,805)	(20,711)
6	Proceeds from Disposition of Property and Equipment.....	37	1
7	Purchase of Casino Reinvestment Obligations.....	(3,064)	(1,637)
8	Purchase of Other Investments and Loans/Advances made.....	596	299
9	Proceeds from Disposal of Investments and Collection.....		
10	of Advances and Long-Term Receivables.....		
11	Cash Outflows to Acquire Business Entities.....		
12	Net Cash Provided (Used) By Investing Activities.....	(19,236)	(22,048)
13	CASH FLOWS FROM FINANCING ACTIVITIES:		
14	Cash Proceeds from Issuance of Short-Term Debt.....		
15	Payments to Settle Short-Term Debt.....		
16	Cash Proceeds from Issuance of Long-Term Debt.....		
17	Costs of Issuing Debt.....		
18	Payments to Settle Long-Term Debt.....	(135)	(153)
19	Cash Proceeds from Issuing Stock or Capital Contributions.....		
20	Purchases of Treasury Stock.....		
21	Payments of Dividends or Capital Withdrawals.....	(70,000)	
22	Borrowings/Payments of Intercompany Payable.....	38,161	(15,917)
23	Net Cash Provided (Used) By Financing Activities.....	(31,974)	(16,070)
24	Net Increase (Decrease) in Cash and Cash Equivalents.....	(3,869)	(2,314)
25	Cash and Cash Equivalents at Beginning of Period.....	36,440	36,514
26	Cash and Cash Equivalents at End of Period.....	\$ 32,571	\$ 34,200

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 22,009	\$ 24,328
28	Income Taxes.....	\$ 11,816	\$ 7,971

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ 17,119	\$ 11,542
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment.....	19,212	17,136
31	Amortization of Other Assets.....	62	500
32	Amortization of Debt Discount or Premium.....		
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....		
35	(Gain) Loss on Disposition of Property and Equipment.....	(37)	
36	(Gain) Loss on Casino Reinvestment Obligations.....	1,102	1,338
37	(Gain) Loss from Other Investment Activities.....		
	Net (Increase) Decrease in Receivables and Patrons' Checks.....	(3,199)	(1,881)
39	Net (Increase) Decrease in Inventories.....	(119)	(147)
40	Net (Increase) Decrease in Other Current Assets.....	(866)	260
41	Net (Increase) Decrease in Other Assets.....	(1)	2,758
42	Net Increase (Decrease) in Accounts Payable.....	(955)	1,565
	Net Increase (Decrease) in Other Current Liabilities Excluding Debt.....	14,850	6,201
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt.....	173	(3,468)
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 47,341	\$ 35,804

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 16,805	\$ 20,711
49	Less: Capital Lease Obligations Incurred.....		
50	Cash Outflows for Property and Equipment.....	\$ 16,805	\$ 20,711
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....		
52	Goodwill Acquired.....		
	Net Assets Acquired Other than Cash, Goodwill, and		
53	Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows to Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....		
58	Less: Issuances to Settle Long-Term Debt.....		
59	Consideration in Acquisition of Business Entities.....		
60	Cash Proceeds from Issuing Stock or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED JUNE 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	114,486	\$ 6,116		
2	Food	460,191	9,676		
3	Beverage	844,294	4,148		
4	Travel			5,783	\$ 1,396
5	Bus Program Cash	230,080	3,090		
6	Other Cash Complimentaries	202,621	10,429		
7	Entertainment	28,667	1,093	803	373
8	Retail & Non-Cash Gifts	38,204	1,109	37,768	2,726
9	Parking				
10	Other*	13,492	99	1,122	741
11	Total	1,932,035	\$ 35,760	45,476	\$ 5,236

FOR THE SIX MONTHS ENDED JUNE 30, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	262,238	\$ 12,110		
2	Food	1,023,191	18,284		
3	Beverage	1,686,515	8,386		
4	Travel			8,889	\$ 2,427
5	Bus Program Cash	405,175	5,540		
6	Other Cash Complimentaries	387,489	20,059		
7	Entertainment	85,634	2,418	1,736	742
8	Retail & Non-Cash Gifts	63,859	2,044	70,526	4,782
9	Parking				
10	Other*	13,726	179	1,678	1,050
11	Total	3,927,827	\$ 69,020	82,829	\$ 9,001

* No single item within "Other" exceeds 5% of the total.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Boardwalk Regency Corporation (the "Company"), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. ("CNJ"), a New Jersey corporation. The Company owns and operates Caesars Atlantic City Hotel/Casino ("CAC") in Atlantic City, New Jersey. CNJ is a wholly owned subsidiary of Caesars World, Inc. ("CWI"), a Florida corporation, and CWI is a wholly owned subsidiary of Park Place Entertainment ("PPE"). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2001.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at June 30, 2002 and 2001, and its statements of income for the three and six months ended June 30, 2002 and 2001 and its statements of cash flows for the six months ended June 30, 2002 and 2001. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the six months ended June 30, 2002 and 2001 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. These reclassifications had no impact on previously reported net income.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The Statement of Income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$13,519 and \$11,072, for the three months ended June 30, 2002 and 2001, respectively, and \$25,599 and \$21,265, for the six months ended June 30, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Property and equipment

Depreciation of property and equipment is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$9,722 and \$8,567 for the three months ended June 30, 2002 and 2001, respectively, and \$19,212 and \$17,136 for the six months ended June 30, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment of Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at June 30, 2002 and 2001.

Income taxes

The Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Deferred income taxes and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$11,671; 2001, \$14,989)	\$ 15,601	\$ 12,563
Other (net of allowance for doubtful accounts – 2002, \$421; 2001, \$310)	3,587	4,142
Due from PPE	7,107	29,145
Due from other affiliates	<u>862</u>	<u>-</u>
	<u>\$27,157</u>	<u>\$ 45,850</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments advances and receivables as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
CRDA deposits	\$ 11,864	\$ 9,907
CRDA bonds receivable	2,807	2,298
CRDA Seat License Agreement	5,504	6,178
Long-term note receivable	900	-
Other, net	<u>20</u>	<u>47</u>
	21,095	18,430
Less: valuation allowance on CRDA investments	<u>(5,610)</u>	<u>(3,409)</u>
	<u>\$15,485</u>	<u>\$ 15,021</u>

In June 2002, the Company made a direct investment of \$1,000 of its North Jersey CRDA Obligations. The investment was in the form of a donation of \$100 and a loan of \$900 at the CRDA's statutory pool bond rate.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 117,991	\$ 117,905
Buildings and improvements	537,140	526,649
Furniture, fixtures and equipment	204,809	175,248
Construction in progress	<u>4,986</u>	<u>15,542</u>
	864,926	835,344
Less accumulated depreciation and amortization	<u>(329,502)</u>	<u>(292,017)</u>
	<u>\$ 535,424</u>	<u>\$ 543,327</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 5 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted \$50,000 credit facility with Park Place Finance Corporation (PPFC), a wholly owned subsidiary of PPE. At June 30, 2002, there was no outstanding balance.

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$11,965	\$ 9,999
Insurance claims	4,950	4,024
Real estate taxes	3,903	3,722
Other	<u>12,577</u>	<u>7,951</u>
	<u>\$33,395</u>	<u>\$25,696</u>

NOTE 7- OTHER CURRENT LIABILITIES

Other current liabilities as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to affiliates-other	\$33,501	\$31,809
Unredeemed slot promotions liability	1,984	1,850
Unredeemed chip and token liability	4,642	4,786
Other	<u>1,635</u>	<u>1,563</u>
	<u>\$41,762</u>	<u>\$40,008</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Park Place Finance Corp note due		
December 31, 2010 at 8.50%	<u>\$518,330</u>	<u>\$518,330</u>
	<u>\$518,330</u>	<u>\$518,330</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 – LONG-TERM DEBT, OTHER

Long-term debt, other as of June 30 consist of the following:

	<u>2002</u>	<u>2001</u>
Mortgage Note due October 15, 2011 interest at 10.0%	\$ 769	\$ 790
Capitalized lease obligation, net of amounts representing interest	<u>657</u> 1,426	<u>967</u> 1,757
Less :current maturities	<u>(401)</u>	<u>(373)</u>
	<u>\$1,025</u>	<u>\$1,384</u>

NOTE 10 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company has recorded expenses for the three months ended June 30 from CWI and affiliates as follows:

		<u>2002</u>	<u>2001</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 4,323	\$ 3,852
Caesars Palace Corp.	Tradename fee	<u>1,579</u>	<u>1,549</u>
		<u>\$ 5,902</u>	<u>\$ 5,401</u>

The Company has recorded expenses for the six months ended June 30 from CWI and affiliates as follows:

		<u>2002</u>	<u>2001</u>
<u>Affiliate</u>	<u>Transaction</u>		
Caesars World, Inc.	Management fee	\$ 8,444	\$ 7,555
Caesars Palace Corp.	Tradename fee	<u>3,143</u>	<u>3,067</u>
		<u>\$11,587</u>	<u>\$10,622</u>

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 11 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2 (b) 1-5 during the quarter.



Signature

Assitant Vice President/Controller

Title

#6908-11

License Number

On Behalf Of:

Boardwalk Regency Corporation

Casino Licensee